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CLASSIFIED BY: Seth Winnick, Consul General , CONGEN HCMC, State Department.
REASON: 1.4 (b), (d)

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Summary

1. (C/NF) : Media contacts report that the Politburo has not yet begun to focus on the planned visit of President Nguyen Minh Triet to the United States. Triet has recovered fully from his bout with prostate cancer, but politically is weak. Prime Minister Nguyen Tan Dung is consolidating power; his only competition comes from Party General Secretary Nong Duc Manh and Party Deputy Truong Tan Sang. Our contacts are skeptical about Dung's and the Party's anti corruption drive. Commenting on Vietnam's relations with China, one contact said that he was aware of a GVN protest over Chinese construction in the Paracel Islands, but that he was under orders not to report the story.
End Summary

2. (C/NF) On the eve of the Tet Lunar New Year, we met separately with well-placed HCMC media contacts Bui Van and Huy Duc (both strictly protect), as part of an ongoing dialogue on Vietnam's internal politics and foreign policy issues. Bui Van, a journalist for the progressive "VietnamNet" Internet news site, has strong ties to provincial party bosses in Central and Southern Vietnam. As reported Ref A, Duc is close to Politburo member Truong Tan Sang, head of the Communist Party's Standing Committee of the Politburo's Secretariat. Duc also is an advisor and ghostwriter for former Prime Minister Vo Van Kiet. (Kiet has been one of the leading proponents of accelerated political and economic reform within the Party.) Both journalists are U.S.-trained. While these contacts share similar sources and have similar reformist views, their information has proven reliable and dovetails with that of other Mission reporting. Our contacts reported that the Politburo has not yet begun to focus on the planned visit of President Nguyen Minh Triet to the United States. Triet has recovered fully from his bout with prostate cancer, but politically is weak. Prime Minister Nguyen Tan Dung is consolidating power; his only

competition comes from Party General Secretary Nong Duc Manh and Party Deputy Truong Tan Sang. Our two contacts are highly skeptical over Dzung's and the Party's anti corruption drive, although one contact holds out hope that Dzung's ambition to leave a legacy will drive him to clean up his and the Party's act. Commenting on Vietnam's relations with China, one contact said that he was aware of a GVN protest over Chinese construction in the Paracel Islands, but that he was under orders not to report the story.

Triet's U.S. Visit

13. (C/NF) Duc stressed that there is no "excitement" within the Politburo over the proposed visit of President Nguyen Minh Triet to the United States. He is unaware of any discussion at the senior political level about what the GVN might wish to achieve during a Triet visit. This is a stark contrast to the 2005 visit of then-PM Phan Van Khai or last year's state and APEC visit by President Bush. According to Duc, many in the Politburo now believe that with PNTR, APEC and President Bush's visit behind them, there should be less focus on the United States this year.

"The Big Two": Manh and Dzung

14. (C/NF) Both Bui Van and Duc said Triet is not a significant player in the Politburo, although he has recovered fully from a 2004-5 bout with prostate cancer. Triet's (relative) weakness is a reflection of a number of factors, according to the two journalists. First, there has been a gradual consolidation of power between the Party General Secretary and Prime Minister at the expense of the Presidency and the National Assembly. This has been accentuated by the strengthening position of Prime Minister Nguyen Tan Dung, who has a strong base of power in both the People's Army (PAVN) and the Ministry of Public Security. Dzung's retirement in November of at least ten MPS and PAVN generals and his subsequent move in December to replace many of them with loyalists is evidence of his hold over the two

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powerful institutions. Our contacts also noted that the Party's February decision to transfer at least some military and MPS business to GVN control was another sign of Dzung's strengthening hand (Ref C). That decision had been blocked by conservatives in the military, and did not come without a fight during the Party's recent fourth Plenum.

15. (C/NF) Our contacts said that Triet is in his last position prior to retirement. Unlike former Prime Minister Vo Van Kiet or former General Secretary Do Muoi, Triet does not have the strong cadre base of support within the Party to sustain his influence after he retires. Much of the power Triet had as HCMC Party boss slipped away while he was ill and now is firmly behind new HCMC Party Secretary (and Politburo member) Le Thanh Hai. According to Duc, although still a relative dark horse for further promotion, Hai is a savvy in-fighter who knows how to use power, money and "dirt" to achieve his objectives.

PMU-18 Scandal

16. (C/NF) Both journalists said that the Party has closed the books on the PMU-18 corruption scandal. Those in the Ministry of Transportation at the center of the scandal will be punished, but there will be no more political fallout, they predicted, and General Secretary Manh had weathered the storm. Although PM Dzung used the PMU-18 scandal to target the General Secretary prior to the April 2006 10th Party Congress, the two

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have decided that they or the Party have nothing to gain from more in-fighting.

Bread and Circuses

¶7. (C/NF) While proving corruption is "very difficult in Vietnam," Duc and Bui Van said that the World Bank conclusion that none of its funds were misused in the PMU-18 scandal was "ridiculous," considering the millions of dollars of PMU-18 funds that were spent on illegal gambling alone. The media has been sufficiently cowed not to dig further or to question the outcome of the case, they told us.

¶8. (C/NF) More broadly, Duc was intensely skeptical over the Prime Minister's commitment to combat corruption. New anti-corruption mechanisms such as the Central Anti-Corruption Committee (headed by Deputy PM Truong Vinh Trong), are nothing but smoke and mirrors to placate an angry population, frustrated with the culture of corruption it faces at all levels of government. Duc thought Dzung to be more decisive, photogenic and capable ("a new style of politician for Vietnam") but no less corrupt than anyone else in the system. Even were he sincere, Duc noted that it is impossible for Dzung to lead the fight when he has been involved in sweetheart insider deals throughout his career. (For example, he detailed that the Prime Minister was "gifted" a house in a tony HCMC neighborhood by a businessman when he was Deputy MPS Minister. The title of an MPS guest house in Hanoi also was transferred to his name. Duc said that Dzung also received a "gift" of 100 hectares -- 250 acres -- of rubber plantation from Binh Duong province.)

¶9. (C/NF) Bui Van painted a slightly more optimistic picture of Dzung, noting that he is primarily driven by a thirst for power and position, less so by money. According to Van, Dzung wants to succeed Manh as General Secretary and wants to be remembered "40 years from now" as having left a "positive legacy" for Vietnam. With his future reputation at stake, Dzung may be more inclined to implement a real anti-corruption drive to secure his and the Party's credibility, Van speculated.

Media Controls

¶10. (C/NF) Our two contacts said that constant pressure from the Party is squeezing Vietnam's more progressive press outlets. HCMC-based Tuoi Tre and Thanh Nien newspapers were spared heavy punishment for not following Party guidelines on how to handle the "bank note scandal (Ref D)," but only after the two newspapers' chief editors reached an "understanding" during a private dinner with the Prime Minister. (The newspapers had been reporting on corruption and nepotism involving the governor of the State Bank of Vietnam and problems with the quality of locally-printed banknotes.) However, the Tuoi Tre Deputy Editor in charge of reporting on the banknote scandal was forced to leave the newspaper, a number of press contacts told us.

¶11. (C/NF) Bui Van said that during the Party's January conclave on the media in Vietnam (Ref E), Truong Tan Sang lambasted Tuoi Tre and other HCMC-based newspapers for "disobeying the Party." However, Sang's toughest attacks were made in a private two-hour

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session and were leveled at Internet-based news outlet VietnamNet for its "advocacy of a multiparty system" in the run up to the 2006 Party Congress. Sang also accused VietnamNet and another web-based news portal VNExpress of "favoring the intellectual over the worker." With key Party factions united in an effort to bring the media to heel (Ref F), press coverage of corruption and the May 2007 National Assembly elections will be desultory, our contacts predicted. The press will not risk a reprise of the more open political debate that characterized the run up to the 2006 10th Party Congress, our contacts said.

China

¶12. (C/NF) According to Bui Van, in December, the MFA demarched Beijing to protest what the GVN considered illegal Chinese structures in the Paracel Islands, claimed by both countries

(Refs G and H). Bui Van first picked up on the story, when Xinhua, the Chinese official mouthpiece, quoted a Chinese MFA spokesman rejecting the Vietnamese protest and claiming China's sovereignty over the islands. Bui Van said that the Vietnamese media did not touch the story. The Vietnamese press is under standing Party orders not to report news that might "inflame public opinion" and complicate GVN efforts to manage its relationship with Beijing. Van added that the GVN recognizes that it could never stop Chinese "encroachment," but that quiet diplomatic protests could be used to contest Chinese claims at a more "auspicious" moment in the future.

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